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TRIHOPE MINING & EXPLORATION
LIMITED

ANNUAL REPORT
1967



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TRIHOPÉ MINING & EXPLORATION LIMITED

To the Shareholders:

It is with pleasure that I submit the first Annual Report of your Company which includes Financial Statements for the fiscal year ended September 30, 1967.

Since its inception the Company has carried out a thorough exploration programme on its 61 claim property located in Bryce and Tudhope townships, Northern Ontario. This programme, which consisted of geophysical and geological surveys and 2,195 feet of diamond drilling failed to establish commercial ore values.

Management has concluded that the time has come for the Company to broaden its base of operations. Along these lines you as shareholders are being asked to approve the Company's venture into the field of petroleum exploration and more specifically to approve an agreement between the Company and Imperial Petroleum Corporation which provides for the testing of a promising oil prospect consisting of approximately 2,401 acres located in the Big Horn Basin, Wyoming. The Company will hold a 50% working interest in this prospect. The Company's consultant, C. A. "Tib" Biggs, states in his report that: "Geologically, the property is well located and reservoir characteristics as well as oil saturations found in nearby test wells indicate commercial oil accumulations."

What might prove to be the most significant venture pursued by your Company is one resulting from an agreement involving Gulf States Land & Industries, Inc., of New York, a diversified natural resource development company. The agreement provides that for \$1,000,000 (U.S.) Gulfland, Inc., (a wholly owned subsidiary of Gulf States) will sell to Trihope treasury shares equal in number to that which Gulf States holds.

Upon completion of this transaction Gulf States and Trihope will each own 50% of Gulfland, Inc., whose assets will then consist of \$1,000,000 in cash and oil and natural gas leases totalling approximately 165,000 net acres distributed throughout the United States portion of the Williston Basin. This acreage includes several areas in which Gulfland, Inc., intends to drill deep tests during 1968.

Under the terms of a separate management agreement C. Leslie Rice, President and Chief Executive Officer of Gulf States will continue to serve as President of Gulfland, Inc.

The management of your Company is presently negotiating the financing required for this transaction. When finalized, details will be provided to shareholders of the Company.

In order to carry out the Company's programmes you are also being asked to approve a change in the name of your Company to "Trihope Resources Limited" so as to reflect the broader base of operations of the Company and to also approve an increase in the authorized capital so as to provide greater flexibility for future financing. It is also requested that you approve options to be granted, for treasury shares at prices well in excess of the current market, to persons instrumental in providing the Company with the opportunity to participate in the exploration of the prospect located in the Big Horn Basin and the transaction with Gulf States.

On behalf of the Board of Directors, I would like to take this opportunity to express our thanks and appreciation for the co-operation received from all persons associated with Trihope Mining & Exploration Limited.

T. HENEROFSKY,
President.

October 13, 1967.

TRIHOPÉ MINING & EXPLORATION LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 1967

ASSETS

Current Assets

Cash 95,469

Mining Properties — at cost (Notes 1, 2 and 3) 75,626

Deferred Expenditure (Note 3)

Exploration 31,616

Administration 4,495

Organization 3,612 39,723

\$ 210,818

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities 815

SHAREHOLDERS' EQUITY

Capital Stock (Notes 1 and 4)

Authorized by Letters Patent dated January 12, 1967 —
3,000,000 shares with no par value

Issued and fully paid

1,750,003 210,003

\$ 210,818

Approved on behalf of the Board:

"T. HENEROFSKY", Director.

"M. T. SCHOLTZ", Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Trihope Mining & Exploration Limited as at September 30, 1967 and the statements of deferred expenditure and source and application of funds for the period January 12, 1967 (Date of Incorporation) to September 30, 1967. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the company as at September 30, 1967 and the results of its operations and the source and application of its funds for the period ended on that date, in accordance with generally accepted accounting principles.

October 12, 1967
Toronto, Canada

"RICHARD K. MOORE & CO.",
Chartered Accountants.

TRIHOPÉ MINING & EXPLORATION LIMITED

STATEMENT OF DEFERRED EXPENDITURE

For the Period from January 12, 1967 (Date of Incorporation) to September 30, 1967

Exploration

Assaying	147
Diamond drilling	10,104
Field supplies and expenses	1,385
Geological consulting fees and expenses	2,358
Geological reports	373
Geological mapping	3,000
Geophysical survey	9,000
Insurance	66
Linecutting	4,688
Mining taxes and licences	146
Telephone and telegraph	349
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	\$ 31,616

Administration

Advertising and publicity	92
Bank charges and interest	17
Directors' Meetings expense	65
Head office — rent and expenses	1,510
Legal and audit	818
Filing and transfer fees	396
Share certificates	252
Travel	1,450
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	4,600
Less: Interest earned	105
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	\$ 4,495

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Period from January 12, 1967 (Date of Incorporation) to September 30, 1967

Funds Were Provided By

Issue of 1,000,003 treasury shares	135,003
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Funds Were Used By

Staking of mining claims	626
Exploration expenditure	31,616
Administration expenditure	4,495
Organization expenditure	3,612
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	40,349

Working Capital — September 30, 1967	\$ 94,654
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TRIHOPÉ MINING & EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Period from January 12, 1967 (Date of Incorporation) to September 30, 1967

1. The Company holds:
 - (a) a group of 51 contiguous unpatented mining claims located in Bryce and Tudhope Townships, Ontario covering approximately 2,040 acres in consideration of the allotment and issue of 750,000 fully paid and non-assessable treasury shares of the company of which 675,000 are held in escrow.
 - (b) a group of 20 contiguous unpatented mining claims located in Donovan Township, Ontario covering approximately 800 acres at a cost to the company of \$626.
2. Pursuant to an option agreement entered into with Geo Volco Mining Limited the company holds an option to acquire a group of 10 contiguous patented mining claims in Bryce Township for a purchase price of \$100,000 to be exercised on or before April 12, 1969 provided that the company, on the payment of the sum of \$10,000, may extend the time within which the option is exercised, the purchase price will be paid without interest in instalments equal to 10% of the net profit realized by the company from production from the ten claim group.
3. The amounts shown for mining claims and deferred expenditure represent costs to date, and are not intended to reflect present or future values.
4. Since its incorporation on January 12, 1967 the company has issued the following shares:

	Number	Value
For cash	1,000,003	135,003
For mining claims	750,000	75,000
	<u>1,750,003</u>	<u>\$ 210,003</u>

5. On October 4, 1967, the company has entered into a stock purchase agreement to acquire 50% of the issued and outstanding shares of Gulfland, Inc., for a consideration of \$1,000,000 to be paid on the closing date January 5, 1968. Gulfland, Inc., holds 412 oil and gas leases covering approximately 93,129 net acres in the States of North Dakota, South Dakota and Montana. Further, Gulfland, Inc., has the right to acquire leases for an additional 71,600 net acres in these states for approximately \$73,000.

MONDAY